

**Winchester
Municipal
Utilities**

P.O. Box 4177, 150 N. Main Street

Winchester, KY 40392-4177

Phone: 859 744-5434

Fax: 859 745-4146

June 9, 2006

RECEIVED

JUN 12 2006

PUBLIC SERVICE
COMMISSION

Beth O'Donnell
Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602-0615

RE: Case No. 2005-00322
East Clark County Water District

Ms. O'Donnell:

Please find attached the executed settlement agreement and tariff revision as Ordered by the Commission April 24, 2006.

If you need any additional information, feel free to contact me at (859)744-5434.

Respectfully submitted,

Vernon Azevedo, P.E.
General Manager

Cc: Mr. William Ballard
East Clark County Water District
P. O. Box 112
Winchester, KY 40392-0112

John H. Rompf, Jr., Esq.
White, McCann, & Stewart PLLC
P. O. Box 578
Winchester, KY 40392-0578

Deborah Eversole, Esq.
Kent Hatfield, Esq.
Stoll, Keenon, and Ogden LLP
2650 Aegon Center
400 W. Market Street
Louisville, KY 40202-3377

File

Enclosure



CITY OF WINCHESTER, KENTUCKY
by and through its
WINCHESTER MUNICIPAL UTILITIES COMMISSION
and
EAST CLARK COUNTY WATER DISTRICT

SECOND AMENDMENT TO WATER PURCHASE AGREEMENT

This Second Amendment to Water Purchase Agreement made and entered into this 6th day of June, 2006, by and between the CITY OF WINCHESTER, KENTUCKY, a corporation of the third class located in Clark County, Kentucky (hereinafter referred to as "City"), by and through its WINCHESTER MUNICIPAL UTILITIES COMMISSION (hereinafter referred to as "WMU"), and EAST CLARK COUNTY WATER DISTRICT (hereinafter referred to as "ECCWD"), of Winchester, Clark County, Kentucky,

WITNESSETH

WHEREAS, the parties hereto had previously entered into a Water Purchase Agreement dated July 15, 1999 (hereinafter "Agreement"), and

WHEREAS, the parties hereto have amended the Agreement on December 12, 2002, and

WHEREAS, the parties desire to further amend the Agreement in order to allow ECCWD an additional quantity of water pursuant to sections 6 and 7 thereof and to set new rates for water purchase and sale pursuant to sections 8 and 14 thereof,

NOW THEREFORE, the parties agree to amend the Agreement as follows:

1. The first sentence of section 6 of the Agreement is amended to provide that WMU agrees to sell and deliver to ECCWD up to 500,000 gallons per day as a peak day allocation. Present penalty provisions in the Agreement will apply for all water usage above 500,000 gallons unless WMU should grant additional allocations. WMU may waive such penalty provisions at any time in its sole discretion. WMU shall not impose such penalty provisions without giving East Clark a minimum of ten (10) days prior written notice that such charges will be applied to subsequent purchases in excess of the authorized quantity limits.

Should East Clark at some future time need to increase the amount of water it purchases from WMU, WMU will agree to the increase if, at that time, the water is available to sell and if the requested increase is reasonable in light of other customer demands in WMU's service territory.

2. To effect the last sentence of the first paragraph of Section 8 of the Agreement, WMU and ECCWD agree that the current cost of service volumetric rate for water purchased by ECCWD to be paid by ECCWD to WMU shall be \$1.62 per 100 cubic feet plus any applicable Kentucky River Authority Fee without any markup, effective upon approval of the Kentucky Public Service Commission with no retroactive adjustment or true-up. This will be a uniform rate based upon the aggregated total of all East Clark wholesale meters and does not include any retail meter. _____

This rate may be adjusted biannually according to cost of service methodology. All the remaining provisions of section 8 of the Agreement shall remain in full force and effect except as modified in this agreement.

3. Effective upon approval by the KPSC, the last sentence of section 14 of the Agreement shall be amended to provide the price to be paid by WMU to ECCWD for water repurchased shall be \$1.62 per 100 cubic feet (converted to 1,000 gallons) plus 29%, plus Ky. River Authority fee without any markup. This price shall be increased or decreased at the same time and in the same proportion that the price paid by ECCWD to WMU under section 8 of the Agreement is increased or decreased.

4. In all other respects the Agreement as amended shall remain in full force and effect except as specifically amended above.

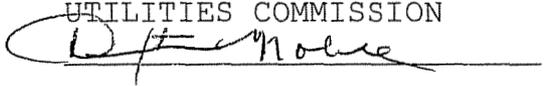
In testimony whereof, the parties hereto have executed

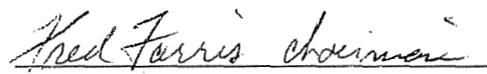
this Agreement as of the day herein first above written.

CITY OF WINCHESTER, KENTUCKY

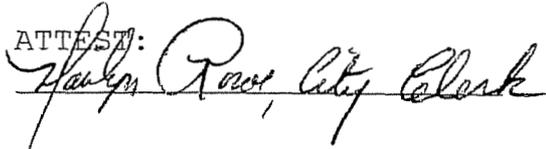

Mayor

WINCHESTER MUNICIPAL
UTILITIES COMMISSION


EAST CLARK COUNTY
WATER DISTRICT



ATTEST:


City Clerk

ATTEST:



ATTEST:



FOR Winchester, Kentucky
Name of Municipality

P.S.C. KY. NO. 1

Original SHEET NO. 1

Winchester Municipal Utilities Commission
(Name of Municipal Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

East Clark County Water District

\$1.62 per 100 cubic feet plus applicable Kentucky River Authority Fee (without markup)

A Water Purchase Contract between the City of Winchester (by and through its Winchester Municipal Utilities Commission) and the East Clark County Water District, entered into on the 15th day of July 1999, is on file at the Kentucky Public Service Commission. The PSC accepted the contract and made it effective on January 20, 2000. The Winchester Municipal Utilities and the City of Winchester Commissions approved and entered into Contract Amendment Number 2 (copy attached) with East Clark County Water District on June 6, 2006 revising the water repurchase rate as outlined above.

These rates are in accordance with the aforementioned contract and amendments and will become effective for services rendered after July 6, 2006.

DATE OF ISSUE June 6, 2006
Month / Date / Year

DATE EFFECTIVE July 6, 2006
Month / Date / Year

ISSUED BY Vincent Aguiar
(Signature of Officer)

TITLE General Manager

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. N/A DATED N/A